

27 June 1979

MEMORANDUM FOR: Attendees of DCI/NIO Meeting
FROM : Presidential Briefing Coordinator
SUBJECT : DCI/NIO Meeting on Economics

The attached is a background paper for tomorrow's DCI/NIO Meeting which will be held at 1000-1100, Thursday, 28 June 1979, in the DCI Conference Room. The article is out of date--prospective price increases will be much larger than it considered--but it touches on most of the issues.



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Attachment

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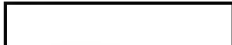
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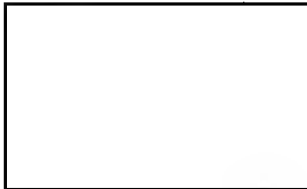
MAJOR PARTICIPANTS IN NIO MEETING

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 - will lead off with short statement pointing out implications of three basic US options:

- conservation, voluntary or mandatory
- letting prices do the rationing
- accepting a sharp decline in economic growth

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- a new OER man who has come to us from Treasury.
He's a specialist in economic models.

POSSIBLE QUESTIONS FOR NIO MEETING

1. Assumptions to challenge/discuss:

- to what extent has "the easy oil supply situation" been eroded as much by distribution and refining problems as by the Iranian revolution?
- will US dependence on imported energy, continue to rise steadily over the next decade? Don't we foresee a period of slow growth (through 1982 or 1983) when demand stays about the same?

2. Issues to explore:

- What will determine Iran's future oil production policy?
- How will the "trade-off between conservation, economic growth, and oil price rises" play out in political terms in key OECD countries? What tensions in OECD relations will this generate?
- What signals do the Saudis appear to be sending us at the current OPEC meeting?
- Can international financial and aid mechanisms cope with the increased burden that higher oil prices will put on LDCs? (What problems for the Administration will this create?)